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Proposed Special Counsel to Richard A. Marshack

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

In re:

THE LITIGATION PRACTICE GROUP P.C.,

Debtor.

RICHARD A. MARSHACK,
Chapter 11 Trustee,

Plaintiff,

v.

TONY DIAB, an individual; DANIEL S.
MARCH, an individual; ROSA BIANCA LOLI,
an individual; LISA COHEN, an individual;
WILLIAM TAYLOR CARSS, an individual;
ENG TANG, an individual; MARIA EEEYA TAN,
an individual; JAKE AKERS, an individual; HAN
TRINH, an individual; JAYDE TRINH, an
individual; WES THOMAS, an individual;
SCOTT JAMES EADIE, an individual; JIMMY
CHHOR, an individual; DONGLIANG JIANG,
an individual; OAKSTONE LAW GROUP PC;
GREYSON LAW CENTER PC; PHOENIX
LAW GROUP, INC.; MAVERICK
MANAGEMENT, LLC; LGS HOLDCO, LLC;
CONSUMER LEGAL GROUP, P.C.; VULCAN
CONSULTING GROUP LLC; B.A.T. INC. d/b/a
COAST PROCESSING; PRIME LOGIX, LLC;
TERACEL BLOCKCHAIN FUND II LLC;
EPPS; EQUIPAY; AUTHORIZE.NET; WORLD
GLOBAL; OPTIMUMBANK HOLDINGS, INC.

Case No.: 8:23-bk-10571-SC

Adv. Proc. No.

Chapter 11

**DECLARATION OF RUSS SQUIRES IN
SUPPORT OF RUSS SQUIRES OMNIBUS
EMERGENCY MOTION FOR:**

- 1) TURNOVER OF ESTATE PROPERTY
AND RECORDED INFORMATION
PURSUANT TO 11 U.S.C. § 542;
- 2) PRELIMINARY INJUNCTION;
- 3) LOCK-OUT;
- 4) RE-DIRECTION OF UNITED STATES
PARCEL SERVICES MAIL;
- 5) ORDER TO SHOW CAUSE RE
COMPLIANCE WITH COURT ORDER;
AND
- 6) OTHER RELIEF AS NECESSARY TO
THE EFFICIENT ADMINISTRATION OF
THIS MATTER

Date: May 26, 2023

Time: **T.B.D. By Clerk of Court**

Judge: Hon. Scott C. Clarkson

Place: Courtroom 5C

411 W. Fourth Street
Santa Ana, CA 92701

d/b/a OPTIMUM BANK; MARICH BEIN, LLC;
BANKUNITED, N.A.; REVOLV3, INC.;
FIDELITY NATIONAL INFORMATION
SERVICES, INC. d/b/a FIS; WORLDPAY, INC.;
WORLDPAY GROUP; MERIT FUND, LLC;
GUARDIAN PROCESSING, LLC; THE
UNITED STATES POSTAL SERVICE; and
DOES 1 through 100, inclusive,

Defendants.

1 I, Russ Squires declare as follows:

2 1. I have personal knowledge of the matters set forth herein. If called as a witness in this
3 matter, I could and would testify competently thereto.

4 2. I submit this declaration in support of the Trustee Richard Marshack's Omnibus
5 Emergency Motion for: 1) turnover of estate property and recorded information; 2) preliminary
6 injunction; 3) Lockout; 4) Re-direction of United States Postal Services Mail; and Order to Show
7 Cause re Compliance with Court Order.

8 3. I incorporate by reference my declaration dated November 14, 2022 ("Squires
9 Declaration – Receivership") made in support of Plaintiff's Motion to Appoint Receiver and for
10 Preliminary Injunction in the State Court proceeding, Case No. 30-2022-01281911-CU-BC-CXC
11 pending before the Superior Court for the County of Orange ("Receivership Action") and all exhibits
12 attached thereto. The information contained therein is based on my personal knowledge and I have
13 not learned of any information contrary to the facts stated therein. A true and correct copy of my
14 November 14, 2022 declaration is attached hereto as **Exhibit 1**.

15 4. A true and correct copy of a PowerPoint slide deck created at my request regarding
16 the debt invalidation industry is attached hereto as **Exhibit 2**.

17 5. As set forth in paragraph 3 of the Squires Declaration – Receivership, I am CEO of
18 Validation Partners, LLC ("VP") the Plaintiff in the Receivership Action, filed September 20, 2022.

19 6. I am informed and believe and based on information provided to me by employees of
20 LPG, a true and correct copy of LPG's most recent Legal Services Contract is attached hereto as
21 **Exhibit 3**. On information and belief and my experience in the industry, debt invalidation companies
22 such as LPG, often charge clients forty (40%) of the balance of each debt in dispute to be paid over
23 monthly installments over a twenty-four to sixty month payment plan, depending on the client,
24 amount of debt in dispute and the client ability and clients ability to make monthly installments. On
25 information and belief, the average client at LPG was paying \$280 and \$310 per month, which based
26 on my experience is fairly standard for the industry.

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1 7. Prior to LPG filing its Bankruptcy petition in March 2023, LPG utilized debt
2 collection relationship management software offered by Forth, Inc. called DeptPayPro ("DPP").
3 Based on my experience in the debt invalidation industry, I am familiar with the DPP software. The
4 DPP software is a cloud based system and automated many of the debt invalidation processes,
5 including communications, template letters and demands to creditors for debt validation pursuant to
6 the Fair Debt Collection Practices Act ("FDCPA") and parallel state statutes. The DPP software stores
7 and maintains client information, debts in dispute, client credit reports, client ACH and financial
8 account information, settlements and other activity on a client's file including communications. DPP
9 also captures and stores information including ACH payments, payments made to capping companies
10 such as Morning Financial and investor companies, such as Validation Partners, LLC.

11 8. On information and belief, prior to LPG filing its bankruptcy petition in March 20,
12 2023 LPG was developing its own proprietary client management software, which LPG and Mr. Diab
13 have called "LUNA." On information and belief and communications with LPG employees, LUNA
14 is hosted and stored on Amazon Web Services ("AWS") with its domain being "lunapp.co" or
15 "lunapp.com". Similar to the DPP software, on information and belief, the LUNA software contains
16 and stores the same client and file data as the DPP software.

17 9. LPG's monthly revenue from active clients, was primarily received through ACH
18 electronic fund transfers from the client financial account to an account with the ACH processing
19 company. After the ACH transfer's clear, typically requiring a waiting period of one to three days,
20 the successfully transferred funds held in the ACH processing companies account could be wired or
21 transferred to any other account held at a financial institution. Based on my experience working with
22 LPG and in the industry, LPG utilized numerous ACH processing companies and their affiliated
23 financial banking institution in order to process substantial client payments, generally initiated on the
24 1st and 15 of every month. On information and belief and records provided to VP and myself, LPH
25 has used ACH processing companies, including Revolv3, Inc. Marich Bein, LLC, EquiPay, LLC,
26 EPPS, Merit Fund, LLC, Authorize.net, World Global, Optimum Bank, among others. Of these ACH
27 processing companies, I am aware LPG did not have contracts with Marich Bein, LLC and EPPS to
28 process LPG ACH transfers.

1 10. I am informed and believe and based thereon allege that Tony Diab stated in November
2 of 2022, shortly after service of VP's Motion for Appointment of A Receiver in the Receivership
3 Action, that "if a receiver is appointed I will bankrupt LPG." This is consistent with an email attached
4 as Exhibit 1 to the Declaration of Attorney Halpern in support of LPG, Tony Diab and Daniel March's
5 Opposition to Appointment of a Receiver ("Halpern Declaration – Receivership"). A true and correct
6 copy of the Halpern Declaration – Receivership is attached hereto as **Exhibit 4**.

7 11. Consistent with this plan, I am informed and believe and based thereon allege that, in
8 advance of appointment of a Receiver in the Receivership Action, Tony Diab and his associates
9 formed entities to receive clients and files of LPG, such as Oakstone Law Group, P.C., ("Oakstone")
10 Consumer Legal Group, P.C. ("CLG"), and Phoenix Law, P.C. ("Phoenix"). More recently, post-
11 petition and on information and belief, I have learned Mr. Diab has again started to create new entities,
12 including but not limited to Maverick Management, LLC in order to engage in further transfers of
13 client files and their associated monthly ACH revenue.

14 12. Immediately following the February, 2023, appointment of the Receiver in the
15 Receivership Action, all payments to VP and other marketing companies and investors ceased. I am
16 informed and believe and based thereon allege that this is the time that Tony Diab testified, in
17 Debtor's 341(a) hearing, that employees, clients and files (inclusive of those clients' ACH and EFT
18 payment details) were allegedly transferred, assigned and/or hypothecated to Oakstone, CLG and
19 Phoenix. On information and belief LPG's client files were transferred in and/or around February
20 2023 prior to the appointment of a receiver and LPG filing its bankruptcy petition.

21 13. I am informed and believe and based thereon allege that, shortly after the transfer,
22 assignment or hypothecation of LPG's employees, clients and files (inclusive of those clients' ACH
23 and EFT payment details) was completed in mid-March, 2023, LPG filed a petition under Chapter 11
24 of the U.S. Bankruptcy Code on March 20, 2023.

25 14. Prior to LPG filing its Bankruptcy petition, its ACH payment processing company
26 WorldGlobal initiated and processed an unauthorized ACH withdrawal from LPG's client accounts
27 in an amount totaling approximately \$10 million dollars. Recently, and on information and belief,
28 and information provided to me by current employees of LPG, WorldGlobal has again made a post-

1 petition threats to initiate and process another unauthorized ACH transfer of client funds in a similar
2 amount of approximately \$10 million dollars.

3 15. I am informed and believe and based thereon allege that, post-petition, employees of
4 Phoenix, OakStone and/or CLG, including Mr. Diab himself, controlled, serviced and provided legal
5 advice to LPG clients, initiate ACH/EFT's from those clients' financial accounts and utilize LPG's
6 merchant accounts with LPG's ACH processing companies, such as Revolv3.

7 16. In fact, I am informed and believe and based thereon allege that from March 28, 2023,
8 to May 19, 2023, former LPG employees – now employed by a confusing web of successor entities
9 – used LPG's Revolv3 merchant account to process a net settlement amount of \$6,308,702.72.
10 Attached hereto as **Exhibit 5** is a true and correct copy of a screen shot establishing these facts. The
11 screen shot confirms that access to LPG's merchant account remained active in the name of
12 "tony.diab" and that such access was used to re-direct payments owed to LPG and its creditors to an
13 entity named Prime Logix, LLC ("Prime Logix")'s Bank of America account ending in 9021.

14 17. I am informed and believe and based thereon allege that Prime Logix is controlled by
15 Bianca 'Rosa' Loli and Mr. Diab. Coincidentally, I am further informed and allege that the access
16 credentials for LPG's Revolv3 merchant account from which Mr. Diab and Phoenix have initiated
17 post-petition ACH transfers are: **Username: tony.diab; Password: Rosaloli1.**

18 18. I am further informed and allege that payroll for employees of LPG's successor entities
19 was – in part – being made from an account in the name of Vulcan Consulting Group, LLC ("Vulcan")
20 at Bank of America ending in 951.

21 19. As of May 23, 2023, I am informed and believe and based thereon allege that Tony
22 Diab is orchestrating yet another scheme to move employees from Phoenix to Maverick Management,
23 LLC.

24 ///

25 ///

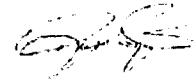
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1 20. On information and belief and information provided to me by employees of LPG, Mr.
2 Diab has made threats of physical harm and even death if he or his cohorts learn that current
3 employees are providing information to LPG creditors, the creditor plaintiffs and/or the Trustee in
4 LPG's Bankruptcy matter. Given Mr. Diab's resolve to follow through on multiple threats, it is my
5 belief that Mr. Diab's threat of physical violence towards anyone he views as a traitor to be real and
6 taken seriously.

7 I declare under penalty of perjury under the laws of the state of California that the foregoing
8 is true and correct, and that this declaration is executed on this 24th day of May, 2023 at Los
9 Angeles County, California.

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12 Russ Squires
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EXHIBIT 1

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DECLARATION OF RUSS SQUIRES

I, Russ Squires, declare and state:

1. I make this declaration of my own personal knowledge, and if called to testify in Court on these matters, I could do so competently.

2. I submit this declaration in support of Plaintiff's Motion to Appoint Receiver and for a Preliminary Injunction.

3. I am CEO of Validation Partners, LLC and have held that position since its inception in 2021. I am also the manager for Validation Partners Fund III, LLC, one of several investor groups who invested in The Litigation Practice Group's ("LPG") debt resolution practice through Validation Partners.

4. I am a seasoned entrepreneur, having worked in the digital marketing world for over twenty years. I spent fifteen years in the automotive industry performing executive, business development and strategy roles for companies such as J.D. Power and Associates, Dealer.com and TrueCar. In 2014, I co-founded Overtone Ventures, a technology incubation and angel funding company focused on early-stage startups.

Background on Validation Partners and LPG Relationship

5. I have worked with LPG since 2019 arranging financing for the firm's debt resolution practice. During that time, LPG's business model involved various debt relief marketing affiliates ("marketing affiliates") who locate qualified consumers which have been the victim of predatory lending or are otherwise subject to claims of sizeable debt that are not legally valid under applicable law. LPG takes on these consumers as clients and pays the marketing affiliate for its services based upon the fees earned by LPG in the debt resolution process. Pursuant to written contracts between LPG and the marketing affiliates, the marketing affiliates have been paid a percentage of the client payments, typically occurring over many months or years. The average client term runs between 27 and 29 months but varies depending upon the client's debt. This

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1 business arrangement between LPG and the marketing affiliates is, with few
2 exceptions, memorialized in a written contract and/or accounting systems
3 maintained by LPG and shared with the marketing affiliates.

4 6. Validation Partners commenced business in 2021 with the primary
5 purpose of providing financing for debt resolution legal work. For business
6 operations and liquidity purposes, the marketing affiliates generally prefer to be
7 paid sooner than later. Validation Partners facilitates this process by purchasing,
8 at discounted rates, the marketing affiliates' accounts receivable owed to it by
9 LPG. In this way, the marketing affiliate assigns to Validation Partners their
10 rights to receive these payments from LPG. Thereafter, LPG has acknowledged
11 the assignment of these accounts receivables and has historically, and for a
12 period of time, paid Validation Partners directly based upon the agreed terms as
13 set forth below. Validation Partners then pays its investment partners from the
14 periodic accounts receivable payments from LPG. This business has been
15 generally referred to as "factoring."

16 7. Validation Partners spent nearly \$66,000,000 of its investors funds
17 to purchase accounts receivable that were acquired from 58 different marketing
18 affiliates between August 30, 2021 and August 17, 2022, as well as directly from
19 LPG from November 5, 2021, through February 16, 2022. All of these accounts
20 receivable arise from client files handled by LPG.¹ Based upon year-to-date
21 revenues and projections based upon historical file performance and revenue
22 stream projections, Diab's estimate of \$150,000,000 in annual revenue for LPG
23 in 2022 is accurate. (See Exhibit 17, ¶ 3.)
24
25
26

27 ¹ I do not have an exact total number of LPG clients presently, but I know
28 it is over 50,000 from my regular business dealings with LPG through much of
2022. With recent client acquisitions over the past four to five months, I believe
the total is likely now over 60,000.

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8. For all accounts Validation Partners purchased, LPG was supposed to make weekly payments along with providing detailed weekly payment reports setting forth the specific amounts owed to Validation Partners for the accounts receivables. Validation Partners believes these written accounts were accurate, until unilaterally modified by Diab.² Attached as **Exhibit 19** to Plaintiff's Evidentiary Appendix in Support of Motion to Appoint Receiver ("Plaintiff's Appendix") is a true and correct copy of a portion of one exemplar weekly statement from December 13, 2021 (specifically the transmission email and the first four worksheets in the enclosed Excel file). This exhibit is redacted in part for consumer privacy.

9. On September 8, 2021, LPG issued its first weekly report, which detailed the revenues LPG had received that week for the accounts receivable Validation Partners had purchased from each marketing affiliate, as well as a detailed accounting of how much LPG owed Validation Partners on those receivables. On these accounts, LPG made, with few exceptions, weekly payments while occasionally falling behind at certain junctures in 2021 but generally kept current into December of 2021. As of February of 2022, the payments had become highly erratic, and LPG was then well behind in its payment obligations. Thereafter, LPG stopped making weekly payments and periodically made five smaller, randomly timed payments from February 23, 2022 through July 1, 2022. LPG has made no payments on the accounts receivables since then.

10. During the period of November of 2021 through July of 2022, LPG, through Diab and CFO Wes Thomas, regularly represented in writing and on

² In early April of 2022, Diab, on behalf of LPG, attempted to unilaterally alter the financial terms reflected in the weekly reports for the purpose of greatly reducing the amounts purportedly owed to Validation Partners on the accounts receivable. Validation Partners did not agree to these unilateral reductions from what had been agreed upon and paid in prior months.

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1 phone calls with me, that LPG would pay the amounts owed and get current on
2 said accounts. On those representations, which later proved to be false,
3 Validation Partners continued to engage in the financial transactions at issue in
4 this action.

5 11. During the period of November 5, 2021 through February 16, 2022,
6 Validation Partners also directly purchased accounts receivable held by LPG in
7 amount totaling \$11,064,062. For example, on or about February 16, 2022,
8 Validation Partners purchased accounts receivable from LPG for the total sum of
9 \$2,202,657. Attached as **Exhibit 20** to Plaintiff's Appendix is a true and correct
10 copy of the Account Receivable Purchase Agreement (without Exhibit B, which is
11 a withheld to protect consumer privacy). This contract is the typical form
12 template used for these direct account purchases from LPG. The payments on
13 these accounts are included in the weekly payment reports and payments made,
14 generally set forth as a one-hundred percent allocation to Validation Partners
15 because it has purchased LPG's share the accounts receivable. In a typical
16 transaction LPG pays the affiliate between 50% and 69% of the net amount less
17 LPG's processing fees. Validation Partners bought the future revenue stream of
18 the 31% to 50% that would have otherwise stayed with LPG on what were
19 promised as high-quality accounts, i.e. accounts with some prior history of
20 payment.

21 12. Additionally, Validation Partners directly loaned LPG the sum of
22 \$3,835,045. An initial loan of \$2,200,000 was made on December 2, 2021 and
23 was memorialized in the Unsecured Promissory Note attached to Plaintiff's
24 Appendix as **Exhibit 21**. LPG agreed to pay monthly installments of
25 \$210,833.33 starting on January 10, 2022 but has yet to make any payments.
26 The origin of this first loan grew out of LPG becoming untimely with its weekly
27 payments. From November 30, 2021 to December 2, 2021, I had telephone calls
28 with Diab and Wes Thomas during which they advised me that Diab/LPG had

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1 taken high interest loans totaling \$2,200,000 to fund the buy-out of Coast
2 Processing, and that was causing LPG financial problems.³ Diab and Thomas, on
3 behalf of LPG, promised to use this initial loan to LPG from Validation Partners
4 to pay off these high interest loans. This representation has been proven to be
5 false. Many months later, Validation Partners learned that LPG did not use the
6 initial loan to pay off the high interest loans, but instead diverted the funds for
7 other purposes, including paying Validation Partners funds owed for accounts
8 receivables from marketing affiliates.⁴

9 13. Validation Partners made additional loans to LPG in June of 2022
10 totaling \$1,635,045 after Diab called me desperate for cash needed to allegedly
11 meet payroll at LPG. The parties agreed, and this note provided, that "This Note
12 shall be due and payable September 3, 2022." LPG has made no payments on
13 this second round of loans from June of 2022. I am certain that LPG took these
14 loans from Validation Partners with no intent of repaying them, and instead with
15 the primary purpose of depriving Validation Partners of operating capital as part
16 of a scheme by Diab to have LPG breach all of its agreements with Validation
17 Partners.

18 **LPG Is Entirely Controlled by Tony Diab.**

19 14. From my discussions with Diab and others involved in Diab Law –
20 the predecessor firm to LPG and LPG's debt resolution practice – I have learned
21 that Diab practiced through his firm, Diab Law, located in Newport Beach,
22

23
24 ³ During my initial years working with LPG, it had a business partner I
25 regularly dealt with called BAT Inc. d/b/a Coast Processing ("Coast Processing"),
26 which was owned by Brian Reale, Arash Asante Bayrooti, and Tony Diab. Coast
27 Processing was the primary entity through which LPG ran its marketing and
client development operations. In the summer of 2021, Diab, through LPG,
bought out his partners in Coast Processing and merged some of its functions
into LPG.

28 ⁴ The first we learned that the purpose of the loan was a lie was in July of
2022. (See Exhibit 17, ¶ 10.)

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1 California. Diab has told me that his debt resolution practice commenced at Diab
2 Law. More recently, I have learned that approximately one month after being
3 disbarred in Nevada, Diab caused the firm LPG to be created in California and
4 transferred his debt resolution practice to that entity.

5 15. I have made numerous in-person visits to LPG's headquarters in
6 Tustin, California. My interactions with the firm over the past year have
7 developed a very clear picture that Diab exercises full control over LPG's practice
8 and all aspects of its operations, which Diab goes to great lengths to hide. Diab
9 maintains an office and active presence at LPG's headquarters in Tustin and
10 requires employees there to call him "Admin" rather than referring to him by his
11 given name. The name plate on his desk reads: "I don't work here."

12 16. In July of 2022 when the payments to investors stopped, and we had
13 to open discussions with investors, I had numerous conversations with Diab
14 where he angrily lashed out at me for using his name rather than "Admin." I have
15 had almost no interactions in the last year with Daniel March, and he has
16 exercised no control or authority over LPG that I have seen in my often daily, and
17 at a minimum weekly, dealings with LPG, which ceased several months ago.

18 17. Diab runs a substantial portion of the business operations and the
19 practice of law through various intermediaries in the firm. Much of the
20 operations and management of staff is run through Han Trinh, who carries the
21 title "managing director of legal operations," and reports directly to Diab. I was
22 told Han Trinh is not an attorney and is instead "administrative staff" who acts as
23 Diab's assistant while sharing a small office with him. The vast majority of LPG's
24 debt validation work occurs without litigation, i.e., very few of the firm's clients
25 actually end up in court. This pre-litigation debt resolution work is almost
26 entirely done in California by a large team of unlicensed staff, under Diab's
27 supervision within LPG's offices.
28

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1 18. Diab himself counsels some clients directly on their matters. I have
2 been directly involved in client referral to LPG and have client contacts
3 establishing that Diab has directly counseled some of them. LPG's client
4 management system also makes notations that certain clients are counseled by
5 "Attorney Attorney" which, from experience, is an e-mail account used by Diab to
6 conceal his identity. Attached as **Exhibit 22** to Plaintiff's Appendix is a true and
7 correct copy of an e-mail Diab sent me relating to relating to legal counseling he
8 gave to LPG client Heidi H. last year.

9 19. Daniel March was initially introduced to me as managing partner of
10 LPG, and for some time my impression was that he was ultimately in control.
11 Events over the past year have made it clear that March exercises no control over
12 Diab or LPG's practice of law on a day-to-day basis and is simply a figurehead
13 with a law license. I have learned that on a few of the LPG files, March has at
14 times made appearances in California courts for a small percentage of client debt
15 resolution matters that go into litigation. Other than that, it is unclear what if
16 any work March does for LPG.

17 20. At times, Diab has pretended to be March during presentations to
18 third parties. I am informed and believe that March is aware of Diab's activities
19 using his name and law license as set forth above but is captive to the \$600,000
20 annual salary Diab pays him through LPG for acting as a figurehead of LPG.
21 Diab has told me that March has at times complained about Diab's conduct, and
22 Diab has placated March periodically through large "bonus" payments. Indeed,
23 just days after our counsel in this matter sent an initial demand letter to LPG,
24 dated August 29, 2022, March received a payment of \$50,000 according to LPG's
25 bank statements and accounting records.

26 21. In sum, it is very clear to me from the extremely large volume of
27 interactions I have had with LPG that March has abdicated all responsibility for
28 managing LPG and effectively exercises none of the traditional functions a

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1 managing partner exercises over a law firm. In addition, March is often not
2 present in the office.

3 22. March has permitted Diab to have complete carte blanche to use his
4 name and bar license as Diab deems fit, including signing March's signature on
5 contracts with regularity. The primary DocuSign used by LPG for the signature
6 of contracts goes to "admin@lpglaw.com," an e-mail account used and controlled
7 by Diab, through which Diab signs contracts as Daniel March.⁵

8 **Ongoing Fraudulent Resale Validation Partners' Accounts Receivable**

9 23. LPG uses AirTable to track the purchase and sale of client accounts
10 receivables between their affiliates and investors. AirTable is a cloud
11 collaboration service headquartered in San Francisco, California.

12 24. Validation Partners created the first file purchase system in AirTable
13 in early 2022. After Diab fired Wes Thomas as CFO of LPG in May of 2022, LPG
14 duplicated the Validation Partners version and created their own similar system.

15 25. I was provided access to that system for the purpose of tracking file
16 purchases made by Validation Partners and at no time was my access removed.
17 A true and correct copy of recent download of this database as of November 11,
18 2022, is attached to Plaintiff's Appendix as **Exhibit 23**.

19 26. For the last four months I have closely monitored the ongoing file
20 sales taking place between LPG, affiliates, and other investors. LPG has
21 continued to purchase files from affiliates (using resources that should have been
22 paid to Validation Partners' investors)⁶ and over time adding new company
23

24
25 ⁵ Daniel March has two of his own e-mail addresses through LPG –
26 dan@lpglaw.com and dan@litigationpracticegroup.com – but, on information
27 and belief, March does not personally use them for the digital execution of any
28 contracts of importance on behalf of LPG.

⁶ Historically, LPG's business model, which was part of the predicate for
Validation Partners doing business with LPG, expressly did not involve the
purchase of new client files up front, i.e. the marketing affiliate who generated

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names that appear to be third party investors in the same vein as Validation Partners.

27. LPG's file tracking system shows that many of these transactional records were added into the system and/or approved by "Admin," which, as stated above, is Diab.

28. On October 21, 2022, while reviewing the AirTable system I noticed a large purchase from a company I had never heard of, Teracel. The system reported that Teracel had completed a purchase acquiring 719 files for \$2,070,000 from LPG.

29. While unfamiliar with the name, it sparked a query in my mind so I Googled the name Teracel. Halfway down the search results page I found a video listed (<https://www.youtube.com/shorts/gCc-8IVvoG8>) as well as a link to an SEC report on Teracel Blockchain Fund II.

30. As seen via the video link and associated YouTube account, Teracel is owned and operated by Touzi Capital, headed by Manager Eng Taing. Touzi Capital is one of the three large investors in Validation Partners. Taing also serves as the primary go between, representing the investor groups in their direct negotiations with Diab on behalf of LPG.

31. Per my conversations with Taing, Diab, and others during the attempted negotiations to avert this legal action, I was told that Taing would be taking an active role in managing LPG moving forward, heading the finance department.

32. Finding the purchase of files by Teracel extremely concerning, I downloaded the detailed Excel file list of 719 files attached to the file purchase record in AirTable. Each of these files has a customer identification number

the new client file only got paid its fee when the client paid LPG. (See Exhibit 17, ¶ 2 ("For the record, LPG has never engaged in file purchase.")).

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1 assigned to it. A true and correct copy of this Excel document is attached to
2 Plaintiff's Appendix as **Exhibit 24** (with client names redacted).

3 33. Upon reviewing those files, I found numerous examples of account
4 receivable files that were sold to Teracel that Validation Partners had previously
5 purchased directly from affiliates. In fact, from the first list of 719 files, 643 were
6 previously purchased by Validation Partners and recently resold by LPG without
7 our knowledge or consent. Our investigation shows that this has occurred en
8 masse with thousands of Validation Partners' accounts receivable files.

9 34. I have also attached to Plaintiff's Appendix as **Exhibit 25** a true and
10 correct copy of a recent payment report dated October 27, 2022 showing account
11 receivables for files that Validation Partners owns but are now being paid out
12 directly to Teracel. However, in reviewing financial records with Darius
13 Newbold, no payment was ever received by LPG from Teracel for the purchase of
14 these files. (Newbold Decl., ¶ 27.)

15 35. I have attached to Plaintiff's Appendix as **Exhibit 26** a true and
16 correct copy of a contract from March of 2022 between Validation Partners and
17 Golden Financial Services Debt Settlement Corporation, an affiliate marketing
18 company, where Validation Partners acquires interest in a number of their
19 accounts. The Exhibit B to that contract is a list of 122 client accounts receivable
20 files that were purchased by Validation Partners (it is redacted but for one page
21 showing Sandra C.). I will use the file for Sandra C. as an example of the
22 investigation we have run on LPG's resale of Validation Partners' accounts
23 receivables.

24 36. I have also attached to Plaintiff's Appendix as **Exhibit 27** a true and
25 correct of a portion of LPG's customer relationship management system known
26 as Debt Pay Pro. This screen shot is of the "Client Dashboard" section for Sandra
27 C., who is listed as one of the files purchased by Validation Partners in the Golden
28 Financial Contract.

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1 37. In **Exhibit 27** there is a field labelled “Partner.” This is how LPG
2 identifies who has financial interest in the account receivables generated from
3 this particular client file – this identifies the entity LPG would make payments to
4 when a payment is collected from a client. LPG no longer identifies Validation
5 Partners as the “partner” for Sandra C., as it formerly did. LPG has recently
6 changed the accounts receivable ownership to Teracel.

7 38. Sandra C. continues to make her monthly payments to LPG by ACH
8 debit, which most recently occurred on October 14, 2022, with a clearing date of
9 October 20, 2022. Attached to Plaintiff’s Appendix as **Exhibit 28** a true and
10 correct of a portion of LPG’s Debt Pay Pro data for Sandra C. from a tab titled
11 “Enrollments,” which is her client payment history. LPG sent no portion of this
12 payment to Validation Partners. The same is true of those payments by Sandra C.
13 listed for most of 2022.

14 39. As shown in **Exhibit 25**, Sandra C. is identified as one of the clients
15 for whom Teracel has recently received payment. From this documentation, it is
16 clear that LPG has stolen these accounts receivable from Validation Partners and
17 resold it to another company, Teracel. This appears to be the case for thousands
18 of files owned by Validation Partners.

19 40. Finding this information led me to take a deeper look at the prior
20 account purchases in LPG’s AirTable system and I found not only had Teracel
21 made two prior purchases of Validation Partners’ accounts receivable files from
22 LPG, but Teracel had received payments on those accounts receivable files.

23 41. I also identified at least two other new companies who have
24 purchased files, many of which were already owned by Validation Partners. The
25 names of these companies in AirTable are listed as OHP, which I am informed
26 and believe to be “Old Hickory Partners,” and GGCC, which I am unable to
27 identify further at this time.
28

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42. Based upon this information, it seems clear that Eng Taing is involved in a Ponzi scheme of sorts with Diab to defraud both Validation Partners and the other investor groups. If Taing and the other third parties involved in this scheme are actually paying money to buy these accounts receivable, we know it is not going into LPG's accounts. (See Newbold Decl., ¶ 27.) I want to be clear that Validation Partners had no knowledge of the ongoing fraudulent sale of its accounts receivable assets, and I of course would never consent to this. This is theft, plain and simple.

43. In recent months, I had numerous conversations with Taing and Diab, where I was assured by both individuals that Taing would not be treated differently than other investors nor would he receive extra payments outside of what he agreed to in the contract executed by Taing and two other large investor groups, the "Zook" and "McKenna" groups.

44. I was told by Taing that he was granted access to Debt Pay Pro, the Customer Relationship Management system LPG uses to manage their customer files. Hence, he would know the files his company was purchasing were already owned by and attributed to Validation Partners.

Payment Processing

45. The fundamental business model of LPG is based on clients signing up for services and paying monthly fees. LPG uses various payment processing companies to collect the monthly fees from their clients.

46. Payment processing for this type of client is generally known as "high-risk" because these clients, who are already in financial distress, tend to have higher rates of Insufficient Funds ("NSF"). The processors generally charge higher fees for these transactions than traditional payment processors.

47. A high-risk payment processor will typically hold the payments received for two to five business days before transmitting the monies collected on to the company.

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1 48. It is also traditional for a high-risk payment processor to hold a
2 small level of “reserves,” or a percentage of the payments received in case a
3 customer was to reverse the payment. This amount is generally three to five
4 percent of the total receivable collected for the prior week, or “lookback” period.

5 49. In late 2021, Diab and Thomas informed me they were having
6 challenges with one of their payment processing companies, World Global. I was
7 told by Thomas that World Global is a payment processing company that works
8 with Optimum Bank to process high-risk payments.

9 50. I searched for World Global online but could not find any website or
10 record of them operating in any public manner as a payment processing firm.

11 51. In early March 2022, Thomas informed me World Global was
12 starting to hold larger volumes of “reserves” and thus LPG was getting behind on
13 payments to investors. By late March of 2022, I learned World Global was
14 holding upwards of twenty percent of the entire receivable with a “lookback”
15 period of sixty days. That means World Global was holding twenty percent of all
16 money collected for the prior 60 days which, at that time, was over \$4,000,000.
17 According to Diab, this missing cashflow caused LPG to be unable to pay its
18 investors.

19 52. In April of 2022, Diab told me he was working on a solution to get
20 the money from World Global. At that time, Thomas told me he thought
21 something strange was going on and that he was concerned Diab had some sort
22 of “side deal” with World Global, so he and I began looking for other payment
23 processors. We identified several we could work with under more stable
24 conditions and began the process of moving payment processing to these
25 companies.

26 53. Thomas and I also began searching for a law firm to file a lawsuit
27 against World Global. We identified a firm DTO Law and proceeded to move
28 forward with discussions with DTO partner William Delgado.

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1 54. In early April of 2022, LPG began moving a portion of the payments
2 processed to a new payment processor. At that time, Diab informed World
3 Global that LPG would no longer be working with them because of the amount of
4 money being withheld.

5 55. On or about April 8, 2022, World Global illegally withdrew over
6 \$10,000,000 in payments from LPG clients. They used old, approved Automatic
7 Clearing House ("ACH") payment documentation to improperly withdraw
8 sometimes three or four additional payments from individual clients without
9 approval.

10 56. On a typical day LPG would receive 2,000 to 3,000 calls from
11 clients. During the 72 hours following the improper payment processing by
12 World Global of LGP clients, almost 25,000 calls were received, overwhelming
13 their system.

14 57. Diab advised me that he had communicated with World Global and
15 they admitted an "error" had occurred. They claimed a mid-level manager
16 accidentally pushed through multiple payment files.

17 58. Diab also told me that World Global agreed to refund the clients, but
18 only if LPG continued to use them for payment processing, quite literally
19 blackmailing LPG.

20 59. The impact on LPG's clients, most of which are struggling financially
21 cannot be overstated. Over the next thirty days over 2,000 LPG clients
22 terminated their services and while World Global did process some refunds
23 themselves, LPG funded almost \$2,000,000 in additional refunds out of its own
24 money.

25 60. Many of these refunds were not just for the extra payments that were
26 withdrawn by World Global, but also for Insufficient Funds fees clients had
27 incurred when their other bills were affected due to the improper withdrawal of
28 funds.

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1 61. Diab insisted he would be able to get a settlement worked out with
2 World Global, but Thomas and I began earnest discussions with DTO to move
3 forward with a lawsuit as quickly as possible. Validation Partners paid the
4 \$50,000 retainer to DTO on behalf of LPG.

5 62. Finally, on May 1, 2022, Diab consented to talk to the Delgado and a
6 first draft complaint was circulated on May 2, 2022. The plan was to get the
7 appropriate paperwork in place and file the lawsuit by May 6, 2022.

8 63. Suddenly on May 5, 2022, Diab fired Thomas as CFO of LPG, having
9 him escorted from the building by security. Diab informed me that Thomas had
10 been performing poorly in his duties as CFO, and asked for the help of my team,
11 including Darius Newbold, our Controller.

12 64. I attempted to keep the pressure on Diab to file the lawsuit, but one
13 delay after another occurred. On May 29, 2022, we were provided a “final” draft
14 of the complaint, and Diab told us it was filed under seal in the New York Federal
15 Court on May 31, 2022.

16 65. Attached as **Exhibit 29** are screen shots of a text conversation string
17 during the period of May 29 to 31, 2022, between Diab, my partner Gary Depew
18 and myself, where he transmits to us a “final” version of the complaint, as well as
19 indicates that the lawsuit has been filed.

20 66. Attached as **Exhibit 30** is the “final” draft of the complaint. Diab
21 advised that this draft was largely written and extensively edited by him. This can
22 be seen as the edits in the document are performed by “admin.” The document
23 discusses the extensive damage World Global did to LPG’s clients and investors
24 (see ¶¶ 25-45).

25 67. I learned shortly after the alleged filing that Diab informed Delgado
26 that Delgado could no longer communicate with anyone but Diab.

27 68. To this day we have no idea what happened to this lawsuit. I was
28 told by Diab there were delays from the judge, but nothing has ever been

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1 disclosed nor has the case ever been unsealed by the court. According to my
2 understanding this is almost unprecedented, a civil court case being filed and
3 never becoming public record.

4 69. Diab and Thomas had stated that World Global owed LPG between
5 \$6,200,000 and \$10,000,000. Diab has continued over recent months to insist
6 to all the investors that he is going to negotiate a settlement, however he says no
7 money has ever been received from World Global or Optimum Bank.

8 70. As identified in the Newbold declaration, we know this is not true
9 and that at least \$7,000,000 was received. (See Newbold Decl., ¶¶ 20-21.)

10 **Marich Bein: New Uncontracted Payment Processor**

11 71. As set forth in Darius Newbold's declaration, the largest payment
12 processor over the last five months for LPG is Equipay (also known as Maverick).

13 72. In the last four months, Equipay's monthly billing has shown a
14 reduction from nearly \$8,000,000 in July, to \$3,300,000 in October. I know
15 this because I have downloaded these monthly billings summaries from the
16 Equipay website. I am not attaching them as

17 73. On July 14, 2022, the client mentioned above, Sandra C., was
18 debited by Equipay. I know this because that payment on the monthly report I
19 downloaded from Equipay.

20 74. In October of 2022, the client mentioned above is no longer listed as
21 billed by Equipay. However, as seen in the **Exhibit 27**, LPG is still collecting
22 money from Sandra C., with the last payment occurring on October 20, 2022.

23 75. Further, on October 13, 2022, **Exhibit 27** references a change of
24 gateway from Equipay to "Other." "Gateway" is the term used by LPG within
25 Debt Pay Pro to reference the payment processor the account is assigned to for
26 taking a given LPG client's payments.

27 76. As referenced in Darius Newbold's declaration, a new company
28 called Marich Bein, LLC sent a large amount of money to LPG in varying

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1 transactions beginning early in the month of October. (Newbold Decl., ¶ 43.)

2 77. Later in October of 2022, as more clearly defined in Newbold's
3 declaration, the deposits from the account number associated with Marich Bein
4 changed to the name "LPG." This appears on LPG's accounting ledger as LPG is
5 sending money to itself. (See Newbold Decl., ¶¶ 39-44.)

6 78. Marich Bein has used the name "LPG 949-229-6262" on their
7 checking account. This means they can make it appear LPG clients are paying
8 money to LPG while it is actually being diverted to an outside entity.

9 79. As stated earlier, and clearly documented in **Exhibit 29**, the
10 complaint against World Global written by Diab's own hand, the devastation
11 done to both LPG and their clients via the undocumented payment processor was
12 enormous.

13 80. As we saw with World Global, not having signed contracts and not
14 receiving reporting from payment processors is highly risky, leading to scenarios
15 where investors do not receive their money back. As we learned earlier this year,
16 this sort of crisis calls into question whether LPG can even survive if a payment
17 stream is interrupted. Indeed, because of the delay in payments from both World
18 Global and EPPS, LPG could not even make its payroll in June of 2022, so
19 Validation Partners had to loan it \$1,635,045.

20 81. Finally, if Diab has control of Marich Bein in any manner, either
21 directly or indirectly as Thomas said he did with World Global, he can direct the
22 client funds anywhere, choosing to only send to LPG whatever money he deems
23 necessary.

24 **Creation of New Law Firm**

25 82. I had numerous conversations with Diab and Thomas (and later with
26 Eng Taing) over the last year regarding planning to start a new law firm. Their
27 belief was that LPG had grown too large, and a new firm could be created with
28 updated technology to be more effective.

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1 83. The plan was to get a new firm set up, and then over time move
2 existing client files from LPG to the new firm. Specifically, the early plan was to
3 use one affiliate marketing firm, Morning Financial, which is owned by me and
4 my partner Gary Depew, and take the revenue stream paid out by LPG to fund
5 the creation of the new firm. The efforts obviously ceased when the relationship
6 between LPG/Diab and Validation Partners fell apart in late July.

7 84. However, in July Taing informed me he had been having recent
8 conversation with Thomas and then Diab regarding how he could support the
9 endeavor to start a new law firm.

10 85. As set forth in the McLachlan Declaration (at ¶¶ 14-16), the New
11 York Secretary of State records for Marich Bein LLC show two assumed names:
12 “LPG” and “Gallant.” When one searches “Gallant” and the phone number
13 online a link to the website www.gallantlawpc.com located in Pennsylvania is
14 found. I have had an associate visit the physical address for Gallant Law and he
15 found a different law firm www.gtlawpc.com. Both these law firms list some
16 form of work in the Debt Industry as their focus of business.

17 86. From the foregoing, a reasonable conclusion is that Diab is likely
18 moving forward with his intention to start a new law firm, aligning them with
19 the same payment processor, and if not stopped he could very conceivably move
20 clients off the LPG books over to this new firm and then bankrupt LPG, leaving
21 all investors and clients out in the cold.

22 **Thomas Statement About Diab Supporting Diversion of Funds**

23 87. On May 6, 2022, I spoke with a very distraught Wes Thomas, LPG’s
24 chief financial officer, who made numerous accusations against Diab, including
25 the idea he was fired because Diab did not want to move forward with the lawsuit
26 against World Global, because Diab actually had a “side deal” with World Global
27 and was getting paid money by them outside of LPG.
28

1 88. In addition, Thomas identified numerous other companies he
2 believed Diab had an outside financial interest in. These included GoFi, Strategic
3 Consulting Solution, United Partnerships, and others. He informed me he
4 specifically knew of at least five different entities Diab owned and used to conduct
5 business and was sure there were many others.

6 89. Many of these companies are identified in the Newbold declaration
7 as companies still receiving payments for unknown reasons from LPG. (See
8 Newbold Decl., ¶¶ 48-51.)

9 **Validation Partners Fund III, LLC**

10 90. Validation Partners Fund III, LLC ("VPF III") is comprised of 88
11 individual investors from an investment group called the 506 Investor Group.
12 Through Validation Partners, VPF III has invested \$8,100,750 in LPG's practice
13 since March 2022. As the manager of VPF III, I strongly support the need for
14 the imposition of a receiver for LPG, as well as forensic accounting needed to
15 recoup misdirected funds.

16 **Validation Partners Friends and Family Fund, LLC**

17 91. Validation Partners Friends and Family Fund, LLC ("F&FF") is
18 comprised of eleven individual investors that are close personal friends or family
19 of mine. Through Validation Partners, F&FF has invested \$1,990,000 in LPG's
20 practice since March of 2022. As the manager of F&FF, I strongly support the
21 need for the imposition of a receiver for LPG, as well as forensic accounting
22 needed to recoup misdirected funds.

23 I declare under penalty of perjury under the laws of the State of California
24 that the foregoing is true and correct.

25 Executed this 14th day of November 2022, at Sunrise, Florida.

26
27 
28 Russ Squires

EXHIBIT 2

Litigation Practice Group

May 2023

Legal Debt Resolution (part 1 of 2)

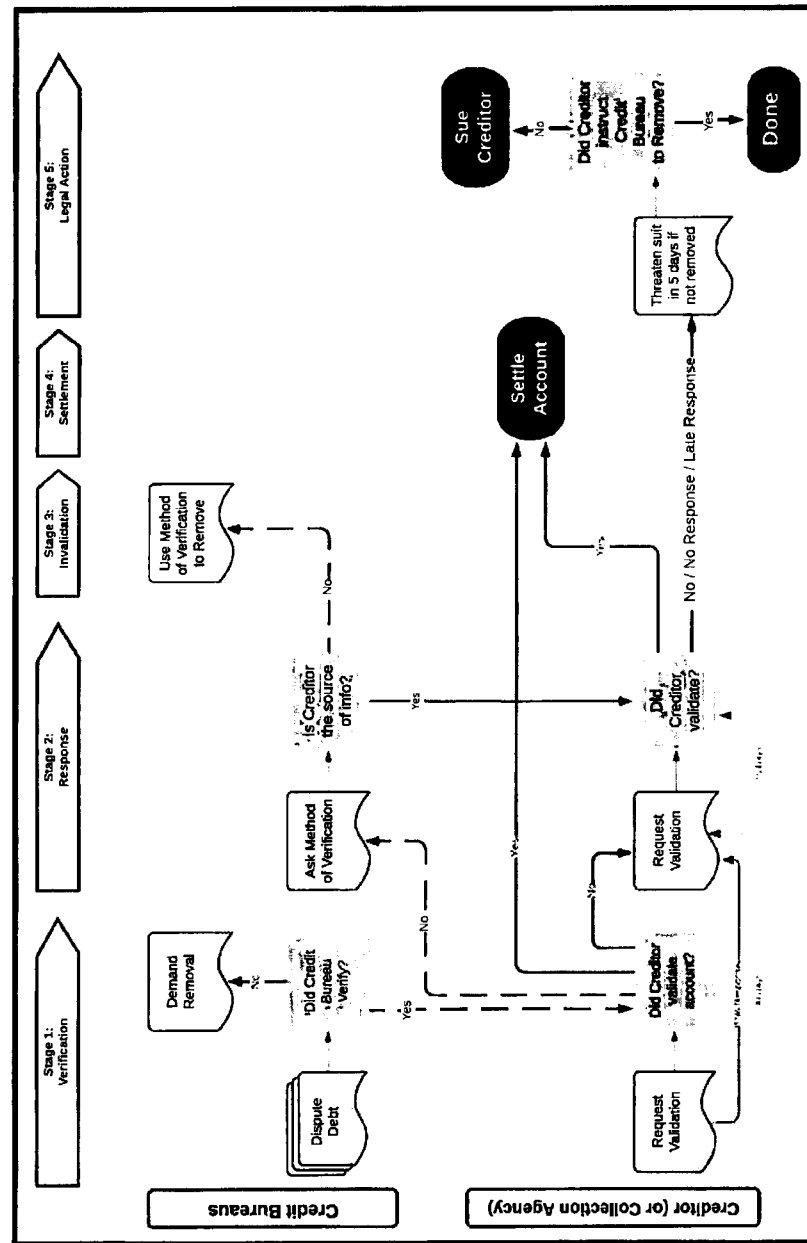
- ☒ Law Firm (Firm) challenges validity of debt with Credit Bureau
- ☒ Bureau informs Creditor or Collection Agency (“Collections”)
- ☒ If Creditor or Collections does not respond, debt invalidated
- ☒ If Creditor or Collections does verify validity, Firm requests information per FDCPA guidelines
- ☒ Documents usually dumped on Firm, but not information requested
- ☒ Back and forth ensues; letter-writing lasts up to 24 months; the process is mostly automated via mailhouses
- ☒ Ultimately either Creditor or Collections does not have necessary information so debt invalidated in the majority of cases

Legal Debt Resolution (part 2 of 2)

- ☒ Creditor admits some claims invalid; transfers others to Collection; or files Complaint/Summons; Collections are subsequently invalidated
- ☒ The majority of challenges are resolved through automated letter writing and the filing of incoming documentation by Document Control Agents
- ☒ Customer Service Reps handle most questions from clients
- ☒ Document control and Customer service represented $\approx 75\%$ of all staff
- ☒ Legal questions are transferred to paralegals or lawyers
- ☒ $\approx 20\%$ that get to Complaint/Summons require work by paralegal and settle
- ☒ $\approx 10\%$ get a court date, require work by lawyer and settle
- ☒ As of November 2022, only 2 LPG cases went to trial

Legal Debt Resolution - Process Flowchart #1

Using FDCPA requirements to resolve a debt



The five-stage process is automated via mailhouses, document control agents, and software:

1. Verification
2. Response
3. Invalidation
4. Settlement
5. Legal Action

The Business Model - Process Flowchart #2

A transparent ecosystem serving creditors & clients

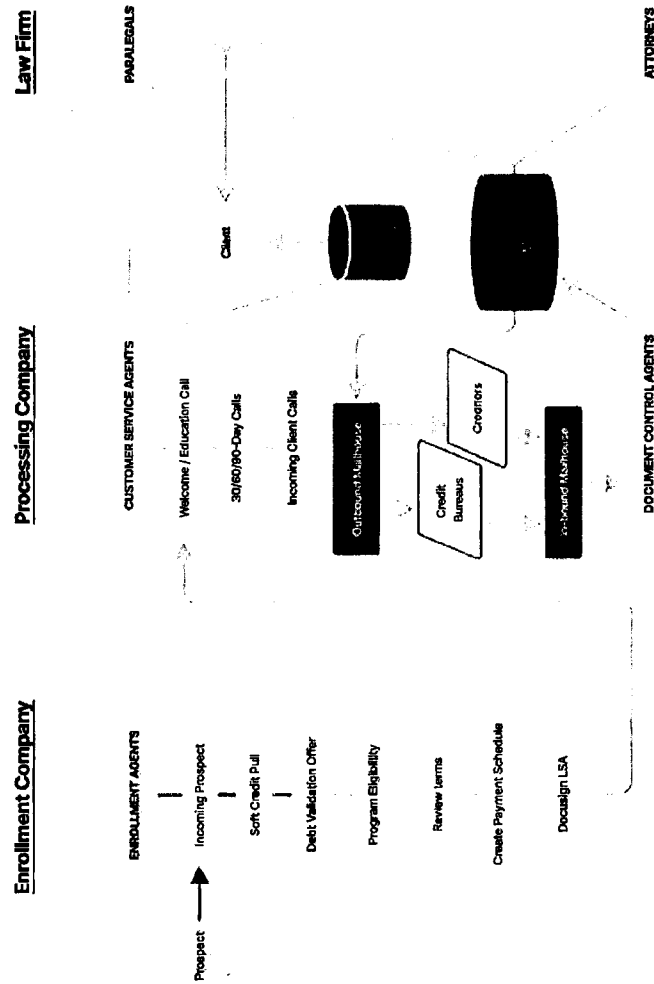


EXHIBIT 3



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LEGAL SERVICES AGREEMENT

Legal Services

The Litigation Practice Group PC, a State Bar of California licensed law corporation, and its employed and affiliated attorneys (collectively "LPG") will provide legal services wherein it will represent you in connection with the disputes you have with the creditors listed below (see Creditor Information). LPG will do the following as part of its representation of you:

- Assist you in stopping creditors and any related debt collectors from harassing or contacting you in connection with any of the debts identified below;
- Dispute the legal validity of the debts identified below;
- Assist you in removing erroneous or inaccurate information reported in connection with debts identified below;
- Represent you in any lawsuit filed against you in connection with any of these debts;
- Defend you against any collection activity or lawsuit on any invalidated debt at any point in time, without expiration, in connection with any debt identified below;
- Initiate legal action in a court of competent jurisdiction against any creditor that violates any state or federal law in connection with any debt identified below; and
- Determine your qualification for bankruptcy under Chapter 7 or Chapter 13 of the U.S. Bankruptcy Code, and counsel you regarding the procedures and effects of bankruptcy as well as your qualification to file the same.

LPG will serve as your attorney for all purposes in connection with these disputes and will be available to render all legal assistance necessary to resolve these debts. The fees that are set forth below are flat fees that are all inclusive – no additional fee or cost will be charged by LPG at any time during the duration of your dispute with the creditors identified below. All fees are earned by LPG at the time they are paid and are for services rendered to you as set forth herein.

Client Authorization

You authorize LPG to challenge, where applicable, each of the debts listed below, which you believe to be in any way invalid, inaccurate, or otherwise without a legal basis. You also authorize LPG to obtain a copy of your credit report to assist in the process of analyzing your account and developing a strategy regarding the resolution of debts that are excessive or otherwise unauthorized by law. You further authorize LPG, acting under power of attorney for you, to affix your signature to documents sent on your behalf in relation to the matters addressed herein. Finally, you authorize LPG to communicate with you via email, text message, telephone, and facsimile. Any of the authorizations set forth herein can be revoked at any time by written communication.

Description of Services to be Performed

LPG will obtain your credit reports, analyze them, and develop strategies for correcting invalid or unlawful debts for which you should not be held legally responsible. Where appropriate, LPG will use existing laws and interact with creditors and credit bureaus on your behalf to invalidate your debts and remove such invalid debts from your credit reports. LPG will also interact with collection agencies, as applicable, to invalidate your debts by requiring them to supply evidence of your indebtedness to them, or any other legal mechanism. LPG will also consult with you regarding all aspects of the credit reporting process, including all laws applicable to the same. LPG will also investigate your delinquent accounts in order to determine the most effective method for invalidating your debts or otherwise removing any legal liability for such debts, up to and including the initiation of lawsuits on your behalf against your creditors and their third-party debt collectors.

In addition, if a lawsuit is filed against you, LPG will represent you in such a lawsuit and will not charge any additional fees for such representation provided such a lawsuit was initiated after the date you sign this Agreement. In the event a lawsuit was initiated against you before the date you execute this Agreement and you elect to have LPG represent you, an additional fee of \$500.00 will be charged. Where appropriate, if legal fees are recovered from an adverse party, LPG will retain such fees for its services. You will be responsible to pay any damages resulting from any lawsuit. Any costs incurred in a lawsuit will be paid by LPG out of the fees set forth below, including the fees of any attorney retained on your behalf in a jurisdiction in which LPG is not admitted to practice law. No additional payment from you to LPG will be necessary for the defense of any lawsuit filed against you after the date you execute this Agreement. You will, however, be responsible to pay any damages resulting from such lawsuits or any settlements reached in the course of such lawsuits.

Fees

You will pay the fees set forth below for the legal services provided by LPG, which services are outlined above. No fee or other cost will be charged or collected beyond the flat fee set forth below. This is the only amount that you have to pay to LPG for its services, which includes any cost, filing fee or vendor's fee associated with LPG's representation of you, and this fee is not escrowed but rather earned received by LPG. This fee does NOT, however, include any settlement that you may have to pay to any creditor if you opt to settle a debt prior to or during the course of a lawsuit.

Refund Policy

If you reach the conclusion of LPG's representation of you and a debt remains in dispute without resolution, you will be eligible to receive a full refund of the fees that you paid towards your representation in connection with that account (i.e., you will be refunded the fees paid in proportion to the debt that was not resolved). A debt is "in dispute" under this paragraph if, at the time of completion of LPG's representation of you, no lawsuit was filed regarding the debt, no settlement was reached regarding the debt, no acknowledgment of invalidity was received from the creditor regarding the debt, and the debt is still reporting to one of the following credit bureaus: Experian, Equifax, or Transunion.

Debt Settlement

You may request that LPG settle any debt identified below at any point in the course of LPG's representation of you. Where requested, LPG will negotiate the most favorable settlement it is able to negotiate on your behalf. Any settlement reached as a result of your request shall be your responsibility, and shall be paid directly from you to the creditor. At the point that you reach a settlement with a creditor, your payment to LPG will be reduced and to adjust for the settled account being removed from the representation herein contemplated. LPG will only settle a debt where litigation is active or contemplated.

Actions Required of You

You agree to provide LPG with any and all correspondence you receive from any creditor, credit bureau, attorney, or court of law. You further agree to keep a log of all communications, including telephonic and electronic communications, from any creditor or credit reporting agency to you from the date you execute this Agreement until the conclusion of your representation.

Right to Conduct Business Electronically and Contact You

You agree that LPG may contact you electronically and telephonically and that any and all business with LPG may be conducted electronically. You further agree that LPG may transmit data, including that regarding your credit profile, electronically. You further agree that any electronic communication carries the risk of disclosure to a third party and that LPG will not be held responsible for any such inadvertent disclosure of information. A facsimile or email transmission of this signed agreement, via an email attachment or otherwise, will be as valid as the original signed agreement. This agreement may not be modified except in writing by both parties.

Malpractice Insurance

LPG hereby discloses that it maintains a malpractice insurance policy that covers its representation of you and that the limit of such policy is no less than \$1,000,000.00 per claim and \$1,000,000.00 per claimant. If you desire to make a claim against that insurance policy, you must first contact LPG and disclose your claim and the nature of the claim, at which point LPG agrees to assist you in obtaining any and all information necessary to prepare and file a claim.

Applicable Law and Confidentiality

You understand and agree that LPG is based out of the State of California, is a licensed law corporation under the State Bar of California, and that California law applies to this Agreement. You further understand that LPG is bound to strict rules of confidentiality and attorney-client privilege in connection with the rules applicable to attorneys licensed to practice law in the State of California. You further understand and agree that you have sought the representation of LPG with full knowledge of its location and licensing, and that LPG works with attorneys licensed in all 50 states and the District of Columbia as affiliated counsel to allow LPG to provide a complete representation of you in any state in which you are sued or in which a dispute might arise. You have the right to know the licensed attorney with whom LPG has affiliated in any state and at any time but understand and agree that LPG may choose to change the local attorney with whom it is affiliated in any given jurisdiction, provided only that at all times LPG shall have an affiliated attorney in all 50 states and the District of Columbia.

Client Acknowledgements

By signing this agreement, you acknowledge that LPG has not instructed you to breach any contract, fail to make any required payment, or fail to perform any obligation you have lawfully incurred. LPG reserves the right to terminate this agreement if (a) required by the State Bar of California Rules of Professional Conduct, (b) you refuse to communicate with LPG or respond to reasonable requests for information necessary to represent you in an effective way, (c) you fail to make timely payment of the amount due under hereunder, or (d) your payments are returned multiple times for any reason. LPG will not pay any of the debts identified below and does not guarantee that any debt you now have or may incur will be invalidated or settled in association with LPG's representation of you. You understand and agree that you must forward any communication you receive in printed or electronic form from any creditor, court, or representative of other a creditor or a court to the address, email, or fax number provided below, and that you must keep a log of all telephonic communications with any creditor or credit reporting agency. You, the client, may cancel this Agreement at any time by submitting three days' written notice of cancellation by mail, email, or fax, and shall not be responsible for any payments due after the date of cancellation. A payment due within three days of the date of written cancellation shall be processed and shall not be refunded.

Program Acknowledgements

The monthly payments I am making go towards LPG attorney representation fees. _____

My monthly payments will NOT be used to directly pay my creditors/debts off. _____

LPG is a law firm specializing in debt resolution; NOT debt settlement. I understand the difference. _____

If I receive a lawsuit on an enrolled account, LPG will represent me and handle all legal proceedings at no extra cost. _____

Depending on my current credit standing, this program may have a temporary negative effect on my credit standing. _____

I am entitled to a refund for the fees paid on any account LPG is unable to resolve. _____

I understand that if any of the enrolled debts are auto loans, secured, or have any type of collateral, those items may be repossessed. _____

Client Signature: _____

Date: _____

Co-Applicant Signature: _____

Date: _____

THE LITIGATION PRACTICE GROUP PC



Daniel S. March, Managing Shareholder
17542 E. 17th Street, Ste 100
Tustin, CA 92780
Support@LPGLaw.com
Tel. 949.715.0644
Fax. 949.315.4332

Creditor Information

Creditor	Account #	Debt Balance
		\$0.00

Client Information

Name: Test User

Address: 123 Fake St., APT 1, Chicago Illinois 60101

Home Phone: 888-555-1234

Cell Phone: 888-777-1234

Email:

Last 4 SSN:

Schedule of Payments

I agree to this payment schedule – Client Initials:

Payment #	Process Date	Amount
1	Oct 14, 2022	\$301.41
2	Nov 14, 2022	\$301.41
3	Dec 14, 2022	\$301.41
4	Jan 17, 2023	\$301.41
5	Feb 14, 2023	\$301.41
6	Mar 14, 2023	\$301.41
7	Apr 14, 2023	\$301.41
8	May 15, 2023	\$301.41
9	Jun 14, 2023	\$301.41
10	Jul 14, 2023	\$301.41
11	Aug 14, 2023	\$301.41
12	Sep 14, 2023	\$301.41
13	Oct 16, 2023	\$301.41
14	Nov 14, 2023	\$301.41
15	Dec 14, 2023	\$301.41
16	Jan 16, 2024	\$301.41
17	Feb 14, 2024	\$301.41
18	Mar 14, 2024	\$301.41
19	Apr 15, 2024	\$301.41
20	May 14, 2024	\$301.41
21	Jun 14, 2024	\$301.41
22	Jul 15, 2024	\$301.41
23	Aug 14, 2024	\$301.41
24	Sep 16, 2024	\$301.47

Electronic Payment Authorization

Bank Name:

Name on Account:

Account Type:

Other (specify: _____)

Routing Number:

Account Number:

Next Payment Date: Oct 14, 2022 **Amount:** \$ 301.41

Recurring Payment Date: 31st

By signing below, I authorize and permit LPG or their designees to initiate electronic funds transfer via an Automated Clearing House system (ACH) from my account listed above. I will also provide LPG with a voided check or savings deposit slip.

If necessary, LPG may make adjustments if errors have occurred during the transaction. The date of the draft is listed above, however, if the draft date falls on a weekend or bank holiday, the debit transaction will take place on the next business day. This authority will remain in effect until LPG is notified by the member in writing at least 5 days prior to the next scheduled draft date. No other forms of cancellation by members will be observed. If the debit is returned because of non-sufficient funds or uncollected funds, then the originator and its financial institution may reinitiate the entry up to two (2) times. The reversal of funds from a client's account that was drafted in error cannot be made until seven business days from the draft date. The member agrees to waive all rights of reversal or refusal of any payment on any draft that LPG may make against the member's bank account while services are performed. The member agrees with all of the provisions and conditions outlined within.

Acknowledgment of Refunds & Draft Date Changes

ACH Refunds: If a refund is due such will be made through the ACH process only. Refunds may take up to 10 days to process. In the event my EFT or draft is returned from my bank unpaid, I agree that a fee of \$25.00 or as allowed by law may be charged to my account via draft or EFT. Furthermore, I warrant that I am authorized to execute this payment authorization and the above information is true and correct. Draft Date Changes: A client may stop any ACH debit by providing written notice to LPG at least three (3) business days prior to the scheduled payment. If you should need to notify us of your intent to cancel and/or revoke this authorization you must contact us three (3) business days prior to the questioned debit being initiated.

Client Signature:

Date:

Printed Name:

Test User

Preauthorized Checking and ACH Authorization Form

I hereby apply for and agree to establish a non-interest bearing special purpose account (the "Account") with a bank ("Bank") selected by LPG, its payments processors, and/or their successors for the purpose of accumulating funds to pay for such goods and services as I so direct LPG to perform. This application is subject to Bank's customer identification program, as required by the USA PATRIOT ACT and other applicable laws, and accordingly, I hereby represent that the above information is true and complete to the best of my knowledge and belief. The bank account information provided above may be subject to account validation processes to include pre-notation and a \$0.01 micro-deposit.

Account Owner Name:

Address:123 Fake St. APT 1 **City:**Chicago **State:**Illinois **Zip:** 60101

Mobile Phone #:888-666-1234 **E-Mail:**

DESIGNATED BANK ACCOUNT INFORMATION

Bank Name:

Name as it appears on bank ACCOUNT:

Routing Number: **Account Number:** **Checking or Saving:**

DESIGNATED BANK ACCOUNT PAYMENT AUTHORIZATION SCHEDULE

Total Amount of Debit: \$301.41 **Date of Next Debit:**Oct 14, 2022

I hereby apply for and agree to establish a non-interest bearing special purpose account (the "Account") with a bank ("Bank") selected by EPPS, LLC and/or its successors for the purpose of accumulating funds to pay for such goods and services as I so direct EPPS, LLC, or any other service provider selected by LPG, to perform. This application is subject to Bank's customer identification program, as required by the USA PATRIOT ACT and other applicable laws, and accordingly, I hereby represent that the above information is true and complete to the best of my knowledge and belief. The bank account information provided above may be subject to account validation processes to include pre-notation and a \$0.01 micro-deposit.

I hereby authorize Bank, directly or through EPPS, LLC, , or any other service provider selected by LPG, to administer the Account on my behalf by (a) periodically transferring and depositing funds to the Account, via any payment media currently in use, and (b) periodically disbursing funds from the Account pursuant to instructions that I may give from time to time. I hereby authorize payments from the Account for the fees and charges provided for in this application and in the agreement. I hereby grant permission for Bank to share information regarding the Account with EPPS, LLC and any other service provider to facilitate the transactions I may initiate that involve the Account, and with any other party that is essential to the administration of the Account on my behalf. My signature below provides permission to be contacted by phone at the number provided with this authorization. A payment reminder will be sent to your phone

number via Text Messaging prior to the payment scheduled above.

This authorization shall remain in full force and effect until I provide a verbal or written termination notice to EPPS or such other service provider as is selected by LPG. Any such notice, and any other written notice that is provided for in this Application or the Agreement, shall be sent to EPPS, LLC or to LPG directly at the address set forth in the Agreement.

“EPPS-Ph# 800-215-3484” will appear on your bank statement

Account Holder's Signature:

Date:

EXHIBIT 4

STRIS & MAHER LLP
777 S FIGUEROA ST, STE 3850
LOS ANGELES, CA 90017

STRIS & MAHER LLP
DANA BERKOWITZ (SBN 303094)
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Los Angeles, CA 90017
T: (213) 995-6800 | F: (213) 261-0299

Attorneys for The Litigation Practice Group PC,
Daniel March, and Tony Diab

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE, CIVIL COMPLEX CENTER**

VALIDATION PARTNERS LLC,

Plaintiff,

v.

THE LITIGATION PRACTICE GROUP PC;
DANIEL S. MARCH; TONY DIAB; GOFI,
LLC; INTEGRITY DOCS, LLC; VERCY
L.L.C.; and DOES 1 through 100, inclusive,

Defendant.

Case No. 30-2022-01281911-CU-BC-CXC

ASSIGNED FOR ALL PURPOSES TO:
RANDALL J. SHERMAN
DEPARTMENT CX-105

**DECLARATION OF KENNETH J.
HALPERN**

Date: February 10, 2022
Time: 1:30 p.m.
Dept.: CX-105

Action Filed: September 20, 2022
Trial Date: None set

I, Kenneth J. Halpern, declare as follows:

1. I am admitted before this Court. I am a partner with Stris & Maher LLP, counsel of record for The Litigation Practice Group PC, Daniel S. March, and Tony Diab. I have personal knowledge of the facts set forth below, and if called as a witness, I could and would competently testify to them. I make this declaration in support of Defendant's Motion to Stay.

2. On Wednesday, November 16, 2022, Defendants were served with Plaintiff's Motion To Appoint Receiver And Request For Preliminary Injunction with a hearing date of February 10, 2022.

STRI S 777 S FIGUEROA ST. STE 3850
MAHER LOS ANGELES CA 90017

1 3. On Friday, November 18, 2022 at 5:51 p.m. Pacific, Defendants were served with
2 Plaintiff's Ex Parte Application To Appoint Receiver and Request For Temporary Restraining
3 Order with a hearing date of November 22, 2022.

4 4. On the same evening of November 18, 2022, I received an email from Mike
5 McLachlan describing his recent interactions with "all of the investors in LPG." Mr. McLachlan's
6 email concluded with various allegations against Defendants and threats to my law firm. A true
7 and correct copy of the email I received from Mike McLachlan on November 18, 2022 is attached
8 as **Exhibit 1**.

9 5. The November 18 email demanded that my firm hold any money received by
10 Defendants in our attorney-client trust account until a date unspecified in an attempt to deprive
11 Stris & Maher of legal fees earned during representation of Defendants, and to therefore deprive
12 Defendants of counsel before the ex parte application could be defended and heard.

13 I have personal I declare under penalty of perjury under the laws of the State of California
14 and the United States of America that the foregoing is true and correct.

15 Executed on this 21st day of December, 2022, at Los Angeles, California.

16
17
18 /s/ Kenneth J. Halpern
19 KENNETH J. HALPERN
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EXHIBIT 1

From: Mike McLachlan
To: Dana Berkowitz; Ken Halpern; Lauren E. Martin
Cc: Kathryn Furman
Subject: RE: Validation Partners LLC v. The Litigation Practice Group PC, et al.
Date: Friday, November 18, 2022 5:24:26 PM
Attachments: 22-08-31 MM to March.pdf

[External Email]

Counsel,

I have had meetings over the last two days with all of the investors in LPG (those investing through Validation Partners). In the weekly LPG call with the larger investor groups yesterday, Tony Diab advised that he would intentionally bankrupt LPG if a receiver was appointed. Since he has stolen or squandered millions of dollars and appears to have no concern for contracts or the rule of law, civil or criminal, I think dismissing his threats is ill-advised.

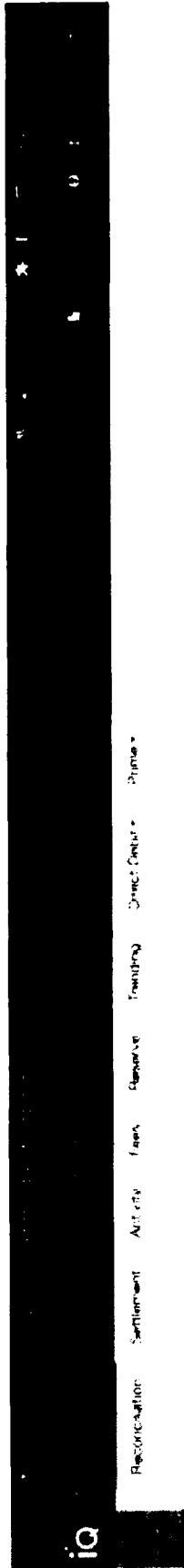
Therefore, I write to request that you all, as officers of the Court and members of the Bar in good standing, take whatever steps you must to prevent the misappropriation of assets, the destruction of evidence, and any other misconduct in the coming days (my earlier preservation letter is attached, since it predates your involvement). Mr. Diab's days running LPG are very likely numbered, but there are tens of thousands of clients who will be greatly harmed if he carries through on those threats. I have a hard time believing your firm has interest in having its name associated with that sort of ending to this story. Your firm and your clients should fully understand and expect that the investors will back whatever litigation is necessary to bring justice to everyone aiding and abetting Mr. Diab and his cohorts.

Lastly, your firm has in its trust account a large sum of money that belongs to my client. Stated more bluntly, your firm is in receipt of stolen property. That is a matter that will be directed to the Court in the near future. Until such time, I demand that you hold those funds in trust and do not disburse them.

Mike McLachlan

McLachlan Law, APC
2447 Pacific Coast Highway, Suite 100
Hermosa Beach, CA 90254
Office: 310-954-8270
Fax: 310-954-8271

EXHIBIT 5



Reconciliation Settlement Date: The Litigation Practice Group, P.C. 03/28/2023 - 05/19/2023 View

Reconciliation Settlement The Litigation Practice Group, P.C. 03/28/2023 - 05/19/2023

\$6,308,702.72	\$9,331,604.58	\$9,331,604.58	\$0.00	\$0.00	\$0.00
29,837	-\$2,873,364.56	-\$149,537.30	-\$138,719.04	-\$10,818.26	\$0.00

Settlement by Funds Transfers

Expand All

How do I use this data?

Routing Number	Account Number	Account Description	Transfer Date	Wiretransfer Transfer to	Selected Reporting Group	Fid Transfer Amount
0122400724	XXXXXX0004-9201	The Litigation Practice Group PC Merchant Account			\$6,308,702.72	\$6,308,702.72
USD Totals:					\$6,308,702.72	\$6,308,702.72

Settlement Summary

By Settlement Date By Payment Method By Presenter By Purchase Currency

Settlement Date	Activity Date	Net Settled Sales	Count	Returned Payments	Total Fees	Revenue Activity	Third Party Payments	Net Settlement
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